

February 17, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 1184 (Rest)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
General Fund	(\$17,030)	(\$8,140)	(\$4,070)	\$0
Natural Resources and Arts Funds	<u>(\$980)</u>	<u>(\$470)</u>	<u>(\$230)</u>	<u>\$0</u>
Total – All Funds	(\$18,010)	(\$8,610)	(\$4,300)	\$0

Effective retroactively for sales and purchases made after June 30, 2023, and before January 1, 2028.

EXPLANATION OF THE BILL

The bill would provide a sales and use tax exemption for materials, supplies, and equipment used in the construction, reconstruction, repair, maintenance, or improvement of public infrastructure at Minneapolis-St. Paul International Airport. Materials, supplies, and equipment would need to be purchased after June 30, 2023, and before January 1, 2028 to be eligible for the exemption. The tax would be administered as a refund.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by a representative from Minneapolis-St. Paul Airport.
- Total construction costs eligible for the exemption are estimated to be \$1.1 billion.
- Total taxable materials, supplies, and equipment are estimated to be \$440 million.
- The timing of refund claims is assumed based on the information provided.
- The fiscal year 2026 estimates include retroactive spending amounts.
- It is assumed that all refund claims will be filed and paid by the end of fiscal year 2028.
- There may be additional costs beyond the forecast period if the filing of refund claims is deferred.

Minnesota Department of Revenue
Tax Research Division
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